



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

August 31, 2010

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**CONSENT TO TRANSFER FRANCHISE RIGHTS TO THE CITY OF NORWALK
APPROVE A RESOLUTION OF INTENTION AND APPROVE THE
INTRODUCTION OF AN ORDINANCE TO GRANT A NEW 15-YEAR
WATER PIPELINE FRANCHISE TO THE CITY OF NORWALK
(FOURTH DISTRICT) (3 VOTES)**

SUBJECT

Approval of these recommendations will provide your Board's consent to transfer to the City of Norwalk the franchise rights granted to County Water Company, and grant a new 15-year water pipeline franchise to the City of Norwalk to renew these existing franchise rights in the Norwalk-Cerritos Island unincorporated area of the County.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Consent to transfer to the City of Norwalk the franchise rights your Board granted by Ordinance No. 85-0151F, to County Water Company.
2. Introduce, waive reading, and place on your Board's agenda an ordinance to grant the City of Norwalk a new 15-year water pipeline franchise, setting the matter for public hearing on September 21, 2010, and instructing the Executive Officer of your Board to publish a notice of the public hearing pursuant to California Public Utilities Code Section 6232.
3. Find that this project is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

"To Enrich Lives Through Effective And Caring Service"

Please Conserve Paper – This Document and Copies are Two-Sided

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

AFTER THE PUBLIC HEARING, IT IS RECOMMENDED THAT YOUR BOARD:

Adopt the accompanying ordinance to grant a new 15-year water pipeline franchise to the City of Norwalk, becoming operative on October 25, 2010, the date following the expiration of the existing County-Water franchise.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended actions is for your Board to consent to transfer franchise rights from County-Water to the City of Norwalk, approve a Resolution of Intention, introduce an ordinance, schedule a public hearing and publish a notice of the public hearing, as needed to adopt an ordinance to grant the City of Norwalk a new 15-year water pipeline franchise.

Implementation of Strategic Plan Goals

The County Strategic Plan directs that we maximize and support timely delivery of efficient public services (Goal 1), and provide access to delivery of customer-oriented municipal services (Goal 3). Your Board's approval of a Resolution of Intention and adoption of an ordinance to grant the franchise to the City of Norwalk is consistent with these goals.

FISCAL IMPACT/FINANCING

The County-Water franchise has not generated any franchise fees since the City of Norwalk acquired County-Water in May 2005, and the recommendation is for your Board to grant the franchise renewal to the City of Norwalk on a gratis basis with no annual franchise fees as is customary with government agencies.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On September 24, 1985, your Board adopted Ordinance No. 85-0151F, granting a 25-year water pipeline franchise to County-Water, which became effective on October 25, 1985, and will expire on October 24, 2010. County-Water is a former California public-utility water company formed in 1951 to provide water service to various neighborhoods in the cities of Norwalk and Cerritos, including 115 water customers located in a small pocket neighborhood known as the Norwalk-Cerritos Island unincorporated area of the County.

In December 2004, the City of Norwalk filed an eminent domain and condemnation case to acquire County-Water (Case BC325907). After the final order in May 2005, all of the assets of County-Water (including all water pipelines installed in unincorporated County highways), were acquired by the City of Norwalk, the County-Water was merged out and decommissioned as a public utility, and all of these water pipeline facilities were assimilated into City of Norwalk Municipal Water System that now serves these neighborhoods.

The Honorable Board of Supervisors
August 31, 2010
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The Department of Public Works and Fire Department have reviewed this recommendation and have no objection to the granting of the franchise. County Counsel has reviewed and approved the accompanying ordinance to grant the franchise and approved it as to form.

Pursuant to Section 6232 of the California Public Utilities Code, the Executive Officer of the Board shall arrange for publishing of a notice of the public hearing in a newspaper of general circulation in the County at least once within 15 days after your Board's adoption of the Resolution of Intention.

ENVIRONMENTAL DOCUMENTATION

This franchise project is categorically exempt from CEQA pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

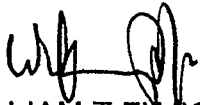
IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommended actions will not impact or adversely affect any current services or future projects.

CONCLUSION

Instruct the Executive Officer, Board of Supervisors, to send conformed copies of the adopted Board recommendation, Resolution of Intention and franchise Ordinance Attention: Mr. Tom Lynch, Assistant City Manager, City of Norwalk, 12700 Norwalk Boulevard, Norwalk, California, 90650, and the offices of County Counsel, Department of Public Works, Fire Department, and the Chief Executive Office, Real Estate Division.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:SK:WLD
CM:RB:kb

Attachments

c: Executive Office, Board of Supervisors
County Counsel
Fire Department
Public Works

FRANCHISE AREA MAP

The City of Norwalk

This map illustrates the unincorporated area affected by the franchise and is provided for the convenience of the reader.

RESOLUTION OF INTENTION

To Grant a

Water Pipeline Franchise

To

The City of Norwalk

**RESOLUTION OF INTENTION TO GRANT A 15-YEAR WATER
PIPELINE FRANCHISE TO THE CITY OF NORWALK**

BE IT RESOLVED by the Board of Supervisors of the County of Los Angeles, State of California:

A. The City of Norwalk ("Franchisee"), has agreed to enter into a franchise with the Board of Supervisors of the County of Los Angeles, State of California, for a period of fifteen (15) years, beginning on October 25, 2010, the operative date of the franchise, to lay, construct, reconstruct, maintain, operate, renew, repair, change the size of, and remove or abandon in place, pipes and pipelines for the transportation and distribution of water, waste water, mud, and other liquid substances, including those substances that are generally accepted as appropriate for the treatment of water, excluding any hazardous substances or hazardous waste within the meaning of the "Comprehensive Environmental Response Compensation and Liability Act of 1980," 42 U.S.C. § 9601 et seq., and amendments thereto (provided, however, that this exclusion shall not apply to substances in such amounts as are generally accepted as appropriate for the treatment of water), together with all manholes, valves, cathodic protection systems, appurtenances, and connections necessary or appropriate for the operation of said pipes or pipelines, adjunct communications lines, including poles, conduits, wire, cables, and other appurtenances and equipment for telegraph or telephone lines, or both, necessary or appropriate solely for the Franchisee's operations in, under, along, or across any and all highways as defined in Section 16.36.080 of the Los Angeles County Code, now or hereafter dedicated to public use in the unincorporated territory of the County of Los Angeles, State of California, located within the Norwalk-Cerritos Island unincorporated area, as depicted on the exhibit map attached to the proposed Ordinance to grant the franchise, attached hereto as Exhibit A.

B. It is the intention of the Board of Supervisors of the County of Los Angeles, State of California, to grant the franchise applied for upon the terms and conditions herein mentioned. The franchise is to be granted without the payment of any insurance, bond, granting fee, toll or franchise fee whatever, except for the compliance by the Franchisee and by its assigns with all of the remaining terms and conditions thereof.

C. The franchise is described in the Ordinance attached hereto as Exhibit "A" and is a franchise for water transportation and distribution purposes.

D. That on the ____ day of _____, 2010, at the hour of 9:30 a.m. of said day, a day not less than twenty (20) nor more than sixty (60) days after the date of the passage of this resolution, in the hearing room of the Board of Supervisors, Room 381, Kenneth Hahn Hall of Administration, 500 West Temple Street (corner of Temple Street and Grand Avenue), Los Angeles, CA 90012, all persons having any objection to the granting of the franchise hereinabove described may appear before the Board of Supervisors and be heard thereon.

E. The Executive Officer, Board of Supervisors, shall cause notice of said hearing to be published at least once within fifteen (15) days after adoption of this Resolution of Intention in a newspaper of general circulation published in the County of Los Angeles, State of California.

The foregoing resolution was on the ____ day of _____, 2010, adopted by the Board of Supervisors of the County of Los Angeles, State of California, and ex-officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

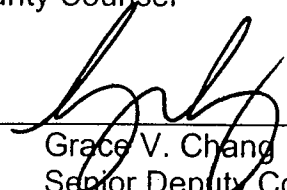
SACHI HAMAI , Executive Officer-Clerk
of the Board of Supervisors of the
County of Los Angeles

By _____
Deputy

APPROVED AS TO FORM BY:

ANDREA SHERIDAN ORDIN
County Counsel

By



Grace V. Chang

Senior Deputy County Counsel

ANALYSIS

This ordinance grants a water pipeline franchise to the City of Norwalk ("Franchisee"), to transport and distribute water for a period of fifteen (15) years.

ANDREA SHERIDAN ORDIN
County Counsel

By  FOR
GRACE V. CHANG
Senior Deputy County Counsel
Contracts Division

GVC:mm

Requested: (08/19/10)
Revised: (08/19/10)

ORDINANCE NO. _____

An ordinance granting a water pipeline franchise to the City of Norwalk, for the transportation and distribution of water for a period of fifteen (15) years.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Franchise Term, Grant.

The right, privilege, and franchise is granted to the City of Norwalk ("Franchisee"), and its successors and assigns, for a period of fifteen (15) years, beginning on October 25, 2010, the operative date of this franchise, to lay, construct, reconstruct, maintain, operate, renew, repair, change the size of, remove, or abandon in place pipes and pipelines for the transportation of water, waste water, mud, and other liquid substances, including those substances that are generally accepted as appropriate for the treatment of water, excluding any hazardous substances or hazardous waste within the meaning of the "Comprehensive Environmental Response Compensation and Liability Act of 1980," 42 U.S.C. 9601 et seq., and amendments thereto (provided, however, that this exclusion shall not apply to substances in such amounts that are generally accepted as appropriate for the treatment of water), together with all manholes, valves, cathodic protection systems, appurtenances, and service connections necessary or appropriate for the operation of said pipes or pipelines, adjunct communication lines, including poles, conduits, wires, cables, or other appurtenances and equipment for telegraph or telephone lines, or both, necessary or appropriate solely for the Franchisee's operations in, under, along, or across any

and all highways as defined in Section 16.36.080 of the Los Angeles County Code, now or hereafter dedicated to public use in the unincorporated territory of the County of Los Angeles ("County"), State of California, located within the Norwalk-Cerritos Island unincorporated area, as depicted on the exhibit map(s) attached hereto.

SECTION 2. Consideration; Payment of Fees.

Franchisee shall not be responsible for the payment of any granting fee, annual franchise fee, or other fee for the grant of, or exercise of rights under this franchise, but shall be required to comply with all the terms and conditions hereof as consideration for the rights conveyed to Franchisee.

SECTION 3. Reports.

The Franchisee shall during the life of the franchise:

A. File with the County Chief Executive Officer ("CEO"), Director of Real Estate, a report indicating the length of the Franchisee's main lines in highways in the unincorporated areas of Los Angeles, the nominal internal diameter of such main lines and the points where they enter and exit the County unincorporated highways.

B. In the report prepared pursuant to subsection 3.A above, Franchisee shall also show: any change in franchise footage since the end of the most recent franchise report period, if any, segregating such footage as to new main lines laid, old main lines removed, old main lines abandoned in place, including the internal diameter of such main lines laid, removed, and/or abandoned in place; the footage of new conduits laid for wires, cables, telegraph, or telephone lines, old conduits removed, old conduits abandoned in place; the diameter of such conduits laid, removed, and/or abandoned in

place; and the footage and internal diameter of main lines in territory annexed or incorporated since the last day of the most recent franchise report period.

SECTION 4. Indemnification and Insurance.

A. This ordinance excludes the incorporation by reference of those provisions in the County Master Pipeline Franchise Ordinance, Chapter 16.52 of the Los Angeles County Code ("Code"), requiring the Franchise to comply with the indemnification, insurance, and bonding requirements set forth in Code Sections 16.52.100, 16.52.110, and 16.52.180.

B. Franchisee shall indemnify, defend, and hold harmless the County and its special districts, elected and appointed officers, employees, and agents ("County's agents") from and against any and all liability and expense, including claims and lawsuits for injuries or damages of any nature whatsoever, including but not limited to bodily injury, death, personal injury, or property damage, including property of the Franchisee, and including pollution liability, defense costs, legal fees, and workers' compensation benefits, based upon, arising from, or relating to either: (1) Franchisee's operations or the services provided by Franchisee, its employees, agents, servants, receivers, contractors, subcontractors, successors, or assignees ("Franchisee's agents") in connection with this franchise; and/or (2) the acts or omissions of Franchisee, Franchisee's agents, or any person in connection with activities or work conducted or performed pursuant to this franchise and arising out of such activities or work. Franchisee shall also indemnify, defend, and hold harmless the County and the County's agents from and against any and all pollution liability, contamination, or

environmental degradation liability, including any and all expenses, claims, and lawsuits for injuries or damages of any nature whatsoever, defense costs, legal fees, and workers' compensation benefits, arising from or relating to any threatened, actual, or alleged discharge, dispersal, release, or escape of any substance into or upon any person, thing, or place, including the land, soil, atmosphere, man-made structure, and/or any above-ground or below-ground watercourse or body of water, in connection with this franchise. The Franchisee shall not be obligated to indemnify the County and County's agents for liability and expense arising from the active negligence of the County or County's agents.

C. The County shall be immediately notified by Franchisee of all discharge, release, or escape of any water, waste water, mud, or other substances from Franchisee's pipelines and appurtenances within the franchise area. All actions to investigate, remove, or remediate any substance reasonably demonstrated to be discharged, dispersed, released, or escaped from Franchisee's pipelines, and to repair or restore Franchisee's pipelines and appurtenances, shall be the sole responsibility of Franchisee and shall be conducted by Franchisee or Franchisee's Agents, in conformance with any and all laws, ordinances, rules, regulations, requirements, and orders whatsoever, present or future, of the federal, state, County, or other applicable local government at Franchisee's sole cost and expense, and shall be immediately undertaken. If Franchisee fails to take any action required pursuant to this section, County may, but shall not be obligated to, take all actions it deems appropriate at Franchisee's expense. Upon written demand by County, Franchisee shall reimburse

County for all County expenses reasonably incurred in connection with County's actions including, but not limited to, all direct and indirect costs relating to investigation, remediation, and removal.

D. During the term of this Franchise, Franchisee shall maintain a program of insurance coverage as described below. Franchisee, at its sole option, may satisfy all or any part of this insurance requirement through use of a program of self insurance (self-funding of its liabilities). Certificate evidencing coverage or letter evidencing self-funding will be provided to Franchisor after execution of this agreement.

1. Commercial General Liability Insurance: Such coverage shall provide scope of coverage equivalent to ISO policy form CG 00 01, naming Franchisor and its Agents as an additional insured, with limits of not less than:

General Aggregate:	\$ 2 million
Products/Completed Operations Aggregate:	\$ 1 million
Personal and Advertising Injury:	\$ 1 million
Each Occurrence:	\$ 1 million

2. Automobile Liability Insurance: Such coverage shall be written on ISO form CA 00 01 or its equivalent. Such insurance shall include coverage for all "owned," "hired," and "non-owned" automobiles, or coverage for "any auto" with minimum coverage limit of not less than \$1,000,000 per accident.

3. Workers Compensation and Employers Liability Insurance: Such coverage shall provide workers compensation benefits, as required by the Labor Code of the State of California. Such policy shall be endorsed to waive subrogation against

the County for injury to the Franchisee's employees. In all cases, the above insurance shall include Employers Liability coverage with limits not less than:

Each accident:	\$1 million
Disease – policy limit:	\$1 million
Disease – each employee:	\$1 million

4. Pollution Liability Insurance: Such insurance shall cover liability for personal injury and property damage arising from the release, discharge, escape, dispersal, or emission of pollutants, whether gradual or sudden, and include coverage for the costs and expenses associated with voluntary clean-up, testing, monitoring, and treatment of asbestos in compliance with governmental mandate or requests.

Franchisee shall maintain limits of not less than \$2,000,000.

SECTION 5. Transfers and Assignments.

A. Franchisee shall not sell, transfer, assign, lease, hypothecate, place in trust, or change the control of the franchise or any part thereof (each of which is hereinafter referred to as an "assignment"), to any other person or entity ("transferee") except as provided herein, without the prior written consent of the CEO, and after the proposed transferee's payment of a transfer fee as detailed in subsection 5.G. As used in this section, "transfer" includes stock transfer and "control" includes actual working control in whatever manner exercised.

B. Franchisee shall give notice to the CEO of any pending assignment, except as excluded in subsection 5.E, and shall provide all documents requested by the CEO, as set forth in subsection 5.F, on which the assignment is predicated. Consent

from the CEO shall be subject to the provisions of subsection 5.D, and shall be conditioned upon the consummation of the assignment on the terms and conditions set forth in the assignment documents delivered to County, the assumption by the transferee, as applicable, of all the Franchisee's covenants and obligations under the franchise, and all information provided CEO under subsection 5.F, below, being true and correct as of the time of the consummation of the assignment. Upon receipt of such consent from the CEO, Franchisee may proceed to consummate the assignment.

C. Franchisee shall file with the CEO within thirty (30) days after the effective date of any such assignment, a certified copy of the duly executed instrument(s) which officially evidences such assignment. If such duly executed instrument(s) is not filed with the CEO within thirty (30) days after the effective date of such assignment, or if the conditions to consent by the CEO have not been met, then upon expiration of said thirty (30) days, the CEO may notify the Franchisee and the proposed transferee that the assignment is not approved by the County. The CEO may then administratively determine that the assignment has no force or effect or that the franchise is forfeited and the Board may repeal this franchise.

D. As a condition to the granting of consent to such assignment, the Board may impose such additional terms and conditions upon this franchise, and upon the proposed transferee which the CEO recommends or the Board deems to be in the public interest. Such additional terms and conditions shall be expressed by ordinance. Nothing contained herein shall be construed to grant Franchisee the right to complete

an assignment except in the manner aforesaid. This section applies to any assignment, whether by operation of law, by voluntary act of the Franchisee, or otherwise.

E. Notwithstanding the foregoing, shareholders, partners, and/or any other person or entity owning an interest in Franchisee may transfer, sell, exchange, assign, or divest themselves of any interest they may have therein. However, in the event any such sale, transfer, exchange, assignment, divestment, or other change is effected in such a way as to give control of, or a twenty-five percent (25%) or more interest in, Franchisee, to any person or persons, corporation, partnership, or legal entity other than the person or entity with the controlling interest in the Franchisee on the effective date of the franchise or the effective date of the last approved assignment, consent thereof shall be required as otherwise provided in this Section 5.

F. Upon notice by Franchisee of any pending assignment, the proposed transferee shall submit an assignment application to the CEO, which shall contain, at a minimum:

1. Identification of the proposed transferee which indicates the corporate or business entity organization, including the submission of copies of the corporate or business formation papers (e.g., articles of incorporation and by-laws, limited partnership agreements, operating agreements), and the names and addresses of any parent or subsidiary of the proposed transferee(s), or any other business entity owning or controlling the proposed transferee in part or in whole;
2. A current financial statement, which has been audited by a certified public accountant demonstrating conclusively to the satisfaction of the CEO that the

proposed transferee has all the financial resources necessary to carry out all of the terms and conditions of the franchise. The financial statement shall include a balance sheet, profit and loss statement for at least the three (3) most recent years, and a statement of changes in financial position; however, if the proposed transferee has been in existence for less than three (3) years, then for such period of existence;

3. A copy of the proposed agreement of sale, letter of understanding, or other documentation which details the pending assignment ("assignment documents"); and

4. Other information which may be required by the CEO to assess the capability of the proposed transferee to operate and maintain the franchise.

G. The proposed transferee's payment of the transfer fee shall be submitted with the Franchisee's request for the County's consent to any assignment described in subsection 5.A and shall be determined as follows:

1. Consent to assignment or any other action, in which the County does not elect to modify the franchise by adoption of an amending ordinance: two thousand five hundred dollars (\$2,500).

2. Consent to assignment or any other action, in which the County elects to modify the franchise by adoption of an amending ordinance: five thousand dollars (\$5,000).

3. In the event County's actual costs to process the proposed assignment application, including any consultant's fees incurred by the County to assist in evaluating the application, exceed the fees detailed above, the proposed transferee

may be required to pay any additional costs incurred by the County in processing the Franchisee and/or proposed transferee's request for assignment. Such costs shall be paid by the proposed transferee prior to final consideration of the request by the CEO or the Board, as applicable.

SECTION 6. Relocation of Pipelines.

In the event the Franchisee receives notice to relocate its pipelines and appurtenances pursuant to Section 16.52.290 of the County Code, in addition to all obligations of Franchisee and rights of the County under Sections 16.38.450 and 16.52.290 of the County Code, if Franchisee neglects or fails to relocate its facilities in a timely manner after receipt of any such notice, Franchisee shall be responsible for, and shall reimburse the County, city, or other applicable public entity, for any and all additional costs or expenses incurred by the County, city, or other applicable public entity due to, or resulting from, such delay in relocation of the facilities.

SECTION 7. Pipeline Franchise Ordinance.

Pipeline Franchise Ordinance.

In addition to the terms and conditions stated herein, and except as expressly excluded herein, this franchise is granted under all of the terms and conditions contained in the County Pipeline Franchise Ordinance, Title 16, Division 3A, of the Los Angeles County Code, as codified in 1978 and amended to date, which is incorporated herein by reference, as it may hereafter be amended. In the event the terms and conditions of this franchise conflict with the terms of the County Pipeline Franchise Ordinance, the terms and conditions hereof shall control.

SECTION 8. Franchise Operative Date.

The operative date of this franchise shall be October 25, 2010.

[NORWALKWATERPIPEFRNGCCC]

